

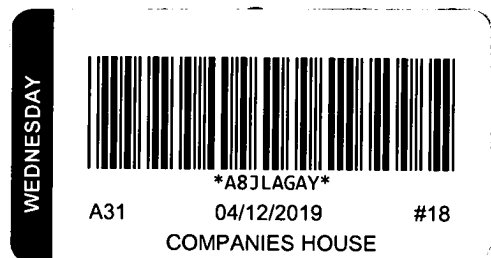
Registration number: 04422774

RTC Education Limited

Annual Report and Financial Statements

for the Year Ended 31 July 2019

Cameron & Associates Limited
Chartered Accountants
35-37 Lowlands Road
Harrow-on-the-Hill
Middlesex
HA1 3AW



RTC Education Limited

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RTC Education Limited

Company Information

Directors	Dr Selva Pankaj Mrs Tharshiny Pankaj
Registered office	167 Imperial Drive Harrow Middlesex HA2 7JP
Solicitors	Vyman Solicitors Vyman House 104 College Road Harrow HA1 1BQ
Bankers	NatWest Bank 520 High Road Wembley HA9 7BZ
Auditors	Cameron & Associates Limited Chartered Accountants 35-37 Lowlands Road Harrow-on-the-Hill Middlesex HA1 3AW

RTC Education Limited

Strategic Report for the Year Ended 31 July 2019

The directors present their strategic report for the year ended 31 July 2019.

Principal activity

The principal activity of the company is the provision of educational services ranging from nursery services to independent school, sixth form, further and higher education.

Context

Regent College London, (RCL), formerly known as Regent College Higher Education, opened in 2010, initially delivering Pearson BTEC Higher National Diplomas in Business and providing small groups of students from its sixth form college, which launched in 2000, with alternative progression routes into higher education. In 2013 RCL opened admissions more widely to reflect its commitment to widening access within higher education.

RCL has since expanded its range of higher education provision by forging partnerships with well-respected and long-established universities: In early 2018, looking to expand its course portfolio in order to give its HND graduates options to extend their study, the College gained its first university partner, Buckinghamshire New University. This was swiftly followed by University of Northampton in September 2018. RCL prepared to launch a partnership with University of Bolton at the start of the academic year 2019/20.

RCL has a firm belief in the widening access agenda and its cohort is largely composed of mature students, many of whom were unable to access higher education at the typical 18+ entry point, with the average student age at RCL being 36. Its multiple campuses across the capital makes it easy for any London based student to access.

RCL values a positive attitude, it believes in courage over conformity and sees failure as a powerful learning tool. The College strives to operate in a transparent manner and to set, and achieve, challenging goals. It aims to engage with students and colleagues collaboratively and respectfully, in an inclusive and open manner.

RTC Education Ltd also manages an independent school, Regent Independent College, which is registered with the Department for Education and is inspected by the Independent Schools Inspectorate.

RTC Education Limited

Strategic Report for the Year Ended 31 July 2019

Statement of Comprehensive Income	Year ended 31 July 2019	Year ended 31 July 2018
	£'000	£'000
INCOME		
Tuition fees and education contracts	6,712	7,475
Other income - University Partners	1,963	210
Other income - private fee income	1,408	1,789
Endowment and investment income	121	105
Total Income	10,204	9,579
EXPENDITURE		
Staff costs	5,493	4,987
Fundamental set-up costs	451	-
Other operating expenses	3,339	2,913
Depreciation	155	113
Interest and other finance costs	17	21
Total Expenditure	9,455	8,034
Profit before tax	749	1,545
Corporation tax	(172)	(272)
Total Comprehensive Income	577	1,273
Add Back:		
Fundamental set-up costs	451	-
Interest expenses	17	21
Depreciation	155	113
Taxation	172	272
Adjusted EBITDA	1,372	1,679

Total expenditure increased in the academic year 2018/19 by £1.4m in comparison to the academic year 2017/18. This was in part due to the creation of the London campus on Great Titchfield Street in central London. Given its prime location this increased the property expenses. However, this campus expansion was crucial to accommodate the growth of the RCL course portfolio with its university partners with the London campus designed to accommodate partner programmes with University of Bolton as their London Academic Centre. To prepare the location for the start of the academic year 2019/20 as a Bolton Academic Centre the building also had to be refurbished and fitted out appropriately with high quality facilities which incurred further expenses.

RTC Education Limited

Strategic Report for the Year Ended 31 July 2019

Moreover, a conscious decision was made to recruit a number of staff at senior level from the public sector in advance of the academic year 2019/20; the majority of these team members have cross campus management responsibilities. This also contributed to the overall increase in expenditure, of which £0.5m was one off-in nature.

During the financial year the income increased by £0.6m. RCL made a deliberate decision focus upon its preparations for the launch of its flagship London campus, the enhancement of its partnerships with Buckinghamshire New University and University of Northampton and the launch of the partnership with the University of Bolton. Thus, RCL planned a relatively modest student intake for the academic year 2018/19 and focused upon the preparation for the changes to be implemented under the new regulator, the Office for Students, and laying the foundations for its key ambition, becoming a private UK university.

Strategic Development

The RCL strategy, which was devised in summer 2019, follows five strategic themes, each aiming to drive the organisation forward commercially, enhance its delivery and provide an exceptional experience and value for money to its students.

Sustainable Governance:	RCL will be a well-managed, sustainable provider with succesful students providing value for money
Student Satisfaction:	RCL will deliver an outstanding student experience with a high satisfaction rate
Portfolio Development:	RCL will deliver a high quality innovative and industry focused portfolio of degree courses
Academic Development:	RCL will develop the College to gain 'University status' with degree awarding powers
Graduate Outcomes:	RCL graduates will be highly valued with the majority entering full- time employment, starting their own business or engaging in further study

RTC Education Limited

Strategic Report for the Year Ended 31 July 2019

The RCL vision is to be the UK's first truly local university for each city in the UK with a global focus, a global brand and global campuses from 2025 to 2030. From each of its campuses, and globally via its Regent Virtual Campus, it will provide students with an outstanding education and student experience underpinned by the philosophy of Napoleon Hill and Carnegie Foundation, characterised by compact campuses, small classes and individualised support and exploring the knowing-doing gap.

The newly created UK private university will embrace the mission of the Carnegie Foundation. The mission is to promote the methods of improvement science and to foster the growth of net worked communications dedicated to making headway on long-standing inequality in higher education.

The newly created UK private university will embrace the mission of the Carnegie Foundation. The mission is to promote the methods of improvement science and to foster the growth of net worked communications dedicated to making headway on long-standing inequality in higher education.

Estates

In 2018/19 RCL had five campuses across London accommodating the Pearson HND, university partners and its independent sixth form college:

1. London Campus
2. Harrow Campus
3. Kingsbury Campus
4. Wembley Campus
5. Southall Campus

In the academic year 2018/19, RCL prepared for the growth of its programme portfolio with its university partners. With the launch of the London campus in summer 2019, RCL started its journey with 25% capacity utilisation with a view to maximising it in the next 3-5 years. A strong foundation is being laid for the creation of a private UK university facilitated by HERA 2017.

Teaching Excellence Framework

RCL was awarded a Bronze rating in summer 2019. The TEF Panel commented as follows in the Statement of Findings:

“Teaching on the course and academic support are exceptionally high and above the provider’s benchmark. Student satisfaction with assessment and feedback is high while continuation rates are above the provider’s benchmark.”

Student Satisfaction

RCL achieved an overall satisfaction rate of 84% in the 2019 National Student Survey.

RCL exceeded the sector wide score in 7 of the 8 themes in 2019 (the teaching on my course, learning opportunities, assessment and feedback, academic support, organisation and management, learning community and student voice).

In the Pearson BTEC Higher Nationals Annual Student Survey 2019, 89% of students stated they were enjoyed the course at RCL compared with a UK average of 77%.

RTC Education Limited

Strategic Report for the Year Ended 31 July 2019

Student Experience

In spring 2019 RCL launched the Student Support Centre to provide students with support for the entirety of their student journey. The Centre offers, personal support, academic advice, information regarding sources of financial support, study skill support, external support, special needs support, personal support plans, careers support and mental health support.

Teaching and Learning

In the academic year 2018/19 the overall strategic approach to teaching and learning was to provide students with a rewarding learning experience, helping them to achieve their academic, professional and personal goals in a relaxed, supportive and friendly environment where equality and diversity are valued. The staff strive to deliver quality, value and flexibility through our programmes.

The goals of the teaching and learning enhancement strategy were to support students to develop critical intellectual enquiry, subject expertise and appreciation of context, a positive approach to learning, application of knowledge and global perspective.

RCL was committed to providing a student centred approach, with learning, teaching and assessment practices that are transparent, inclusive and fair and take into account the diversity of the student body and with fit-for-purpose curricula, carried out by well-qualified academic and professional staff. It also entailed effective mechanisms that enable students to work with staff in order to ensure that learning, teaching and assessment practices are continuously enhanced alongside the provision of suitable learning and teaching resources.

Retention

In March 2019, Higher Education Statistics Agency released the latest set of experimental statistics including the non-continuation rates. Regent College London has a non-continuation rate of **8.8%**, significantly lower than the sector benchmark of **15%**.

Student Success

The students that join RCL are diverse, and so are their aspirations. RCL has helped students move onto further study, gain employment opportunities that were not previously open to them, attain promotions in their current workplace, establish their own businesses and open their minds to things that they had never previously considered.

Regent Independent College has sent over a thousand students on to higher education since its launch in 2000. Students have on to a wide number of institutions, including the reputable Russell Group universities, on courses ranging from medicine, dentistry, finance, economics, politics to history.

RCL has facilitated 1180 students to achieve their Level 5 HND qualification since 2013 and since our partner programmes launched, 78 students were awarded their top up degree by Buckinghamshire New University.

Quality Assurance

RCL was approved to be added to the Office for Students register in the Approved category in December 2018 after submitting its application in May 2018.

In August 2019, RCL submitted an Access and Participation Plan to the Office for Students as part of its application to move to the Approved Fee Cap category on the register. The Access and Participation Plan is subject to scrutiny by the Office for Students and RCL is currently awaiting feedback. Subject to approval, RCL aspires to be an Approved Fee Cap provider effective for the academic year 2020/21, permitting its students to access higher levels of tuition fee funding from the Student Loans Company.

RTC Education Limited

Strategic Report for the Year Ended 31 July 2019

In the academic year 2018/19 RCL was under the remit of QAA for quality assurance purposes. The QAA review took the form of a distance exercise, on the basis of the strength of the outcome of the 2017 monitoring visit (commendable rating) and no visit was undertaken in AY 2018-19. RCL is preparing its own, internal 'QAA' review, known as iQSR, for early 2020 to ensure that the revised Quality Code is fully embedded in practice, as well as policy.

In light of the introduction of the new Quality Code during 2019, the College has made arrangements for an internal Quality Standards Review for the academic year 2019/20.

The College is inspected by Pearson on an annual basis. This is known as the Academic Management Review (AMR). The most recent inspection was March 2019 and the following summary comment was made:

“The previous AMR and EE reports, together with QAA reviews, and ongoing internal reviews, inform the continuous improvement ethos of the centre.”

RCL is also subject to annual monitoring undertaken by each of its university partners.

Regent College London is also subject to annual checks by UK Visas and Immigration. It has maintained its Tier 4 sponsor status consistently since it was awarded the Tier 4 status over a decade ago.

Prevent

The College is required to submit a Prevent accountability and data return to the Office for Students on an annual basis. The outcome of our submission was passed to us in April 2019 and the College was deemed to have 'demonstrated due regard to the Prevent Duty.'

Staff Development

The academic year 2018/19 saw a number of new posts strengthening the College team. As the College embarked upon its short-term portfolio diversification goals, and worked towards its long-term aim of becoming a private UK university, a decision was made to specifically recruit team members at senior levels who had public sector university experience.

The founder of RCL was appointed as Principal and a number of new roles were appointed including Academic Dean, Head of Academic Standards and Quality Enhancement, Head of University Partnerships, Marketing and Admissions, Registrar, Director of Commercial Operations, Student Support Manager ready for the start of the academic year 2019/20 to support the Principal in the day to day management of RCL.

RTC Education Ltd had a FTE 181 staff as at 31.7.2019, of which 100 were academic and 81 management or administrative.

Governing Body

The governing body of RCL is formed of the members of the directors of RTC Education Ltd, Dr Selva Pankaj and Mrs Tharshiny Pankaj. Whilst Dr Selva Pankaj acts as Principal of the provision, Mrs Tharshiny Pankaj acts as a Company Director with limited involvement in the operation. This facilitates a greater level of governance from an independent perspective. The governors have adapted the principles of the Code of University Chairs and The 7 principles of public life.

RTC Education Limited

Strategic Report for the Year Ended 31 July 2019

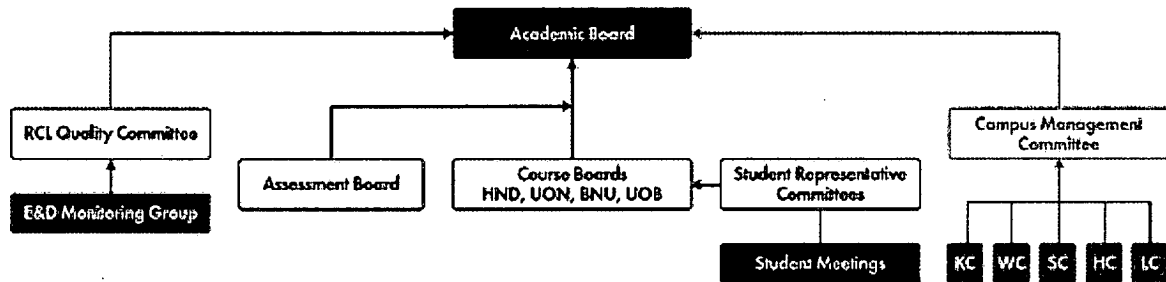
Corporate Governance

The Advisory Board was launched in autumn 2018 with its inaugural meeting in February 2019. The Board, which provides guidance and challenge to the governing body and brings perspective and innovation from sectors beyond education, is chaired by Prof George Holmes, Vice Chancellor, University of Bolton and the other members are Lord Rami Ranger, Dr Simon Blagden CBE, Prof Nadey Hakim, Mr Ian Baker and Dr Maurizio Bragagni.

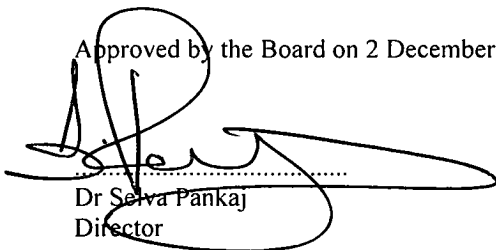
The Advisory Board has three sub-committees that report into it. These are the Finance Committee, Audit Committee, and Remuneration Committee.

Academic Governance

The highest level of academic governance at RCL is the Academic Board. A number of boards, committees and focus groups feed into the Academic Board as outlined in the diagram below. Students have a Student Representative Committee and are also invited to attend Academic Board meetings.



Approved by the Board on 2 December 2019 and signed on its behalf by:


Dr Selva Pankaj
Director

RTC Education Limited

Directors' Report for the Year Ended 31 July 2019

The directors present their report and the financial statements for the year ended 31 July 2019.

Directors of the company

The directors who held office during the year were as follows:

Dr Selva Pankaj

Mrs Tharshiny Pankaj

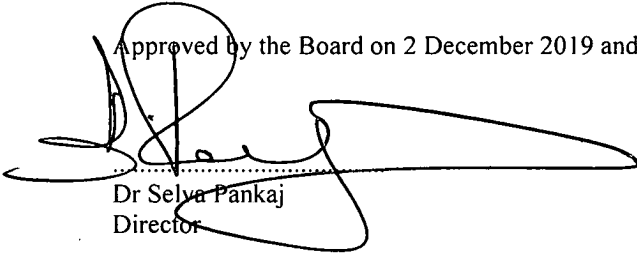
Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Cameron & Associates Limited as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 2 December 2019 and signed on its behalf by:



Dr Selva Pankaj
Director

RTC Education Limited

Independent Auditor's Report to the Members of RTC Education Limited

Opinion

We have audited the financial statements of RTC Education Limited (the 'company') for the year ended 31 July 2019, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RTC Education Limited

Independent Auditor's Report to the Members of RTC Education Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the [set out on page], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

RTC Education Limited


Independent Auditor's Report to the Members of RTC Education Limited

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.


.....
Rajinder Basra (Senior Statutory Auditor)
For and on behalf of Cameron & Associates Limited, Statutory Auditor

Chartered Accountants
35-37 Lowlands Road
Harrow-on-the-Hill
Middlesex
HA1 3AW

2 December 2019

RTC Education Limited

Profit and Loss Account for the Year Ended 31 July 2019

	Note	2019 £	2018 £
TURNOVER	3	9,963,578	9,379,036
Administrative expenses		(9,455,521)	(8,033,749)
Other operating income	4	<u>120,000</u>	<u>94,451</u>
OPERATING PROFIT	5	<u>628,057</u>	<u>1,439,738</u>
Other interest receivable and similar income	6	<u>121,167</u>	<u>105,186</u>
		<u>121,167</u>	<u>105,186</u>
PROFIT BEFORE TAX		749,224	1,544,924
Taxation	10	<u>(172,015)</u>	<u>(271,838)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>577,209</u></u>	<u><u>1,273,086</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

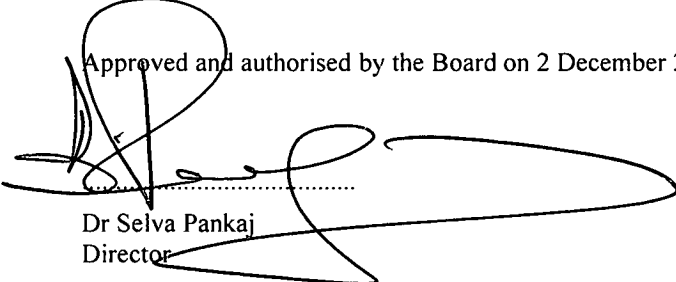
RTC Education Limited

(Registration number: 04422774)

Balance Sheet as at 31 July 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	11	817,161	349,457
Other financial assets	12	<u>100,000</u>	<u>-</u>
		<u>917,161</u>	<u>349,457</u>
CURRENT ASSETS			
Debtors	13	6,838,151	3,782,447
Cash at bank and in hand		<u>1,608,516</u>	<u>2,281,935</u>
		8,446,667	6,064,382
CREDITORS: Amounts falling due within one year	15	<u>(3,302,349)</u>	<u>(759,244)</u>
NET CURRENT ASSETS		<u>5,144,318</u>	<u>5,305,138</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,061,479	5,654,595
Provisions for liabilities	16	<u>(45,175)</u>	<u>(16,555)</u>
NET ASSETS		<u>6,016,304</u>	<u>5,638,040</u>
CAPITAL AND RESERVES			
Called up share capital		100	100
Profit and loss account		<u>6,016,204</u>	<u>5,637,940</u>
TOTAL EQUITY		<u>6,016,304</u>	<u>5,638,040</u>

Approved and authorised by the Board on 2 December 2019 and signed on its behalf by:



.....
Dr Selva Pankaj
Director

The notes on pages 17 to 26 form an integral part of these financial statements.

RTC Education Limited

Statement of Changes in Equity for the Year Ended 31 July 2019

	Share capital £	Profit and loss account £	Total £
At 1 August 2018	100	5,637,940	5,638,040
Profit for the year	-	577,209	577,209
Total comprehensive income	-	577,209	577,209
Dividends	-	(198,945)	(198,945)
At 31 July 2019	100	6,016,204	6,016,304

	Share capital £	Profit and loss account £	Total £
At 1 August 2017	100	4,566,854	4,566,954
Profit for the year	-	1,273,086	1,273,086
Total comprehensive income	-	1,273,086	1,273,086
Dividends	-	(202,000)	(202,000)
At 31 July 2018	100	5,637,940	5,638,040

The notes on pages 17 to 26 form an integral part of these financial statements.

RTC Education Limited

Statement of Cash Flows for the Year Ended 31 July 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit for the year		577,209	1,273,086
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	154,637	113,135
Finance income	6	(121,167)	(105,186)
Income tax expense	10	<u>172,015</u>	<u>271,838</u>
		782,694	1,552,873
Working capital adjustments			
Increase in trade debtors	13	(3,055,704)	(1,114,849)
Increase in trade creditors	15	<u>2,771,535</u>	<u>367,353</u>
Cash generated from operations		498,525	805,377
Income taxes paid	10	<u>(371,825)</u>	<u>(273,876)</u>
Net cash flow from operating activities		<u>126,700</u>	<u>531,501</u>
Cash flows from investing activities			
Interest received	6	121,167	105,186
Acquisitions of tangible assets		(622,341)	(328,889)
Advances of loans, classified as investing activities		<u>(100,000)</u>	-
Net cash flows from investing activities		(601,174)	(223,703)
Cash flows from financing activities			
Dividends paid	20	<u>(198,945)</u>	<u>(202,000)</u>
Net (decrease)/increase in cash and cash equivalents		(673,419)	105,798
Cash and cash equivalents at 1 August		<u>2,281,935</u>	<u>2,176,137</u>
Cash and cash equivalents at 31 July		<u><u>1,608,516</u></u>	<u><u>2,281,935</u></u>

The notes on pages 17 to 26 form an integral part of these financial statements.

RTC Education Limited

Notes to the Financial Statements for the Year Ended 31 July 2019

1 General information

The company is a private company limited by share capital, incorporated in England .

The address of its registered office is:

167 Imperial Drive

Harrow

Middlesex

HA2 7JP

These financial statements were authorised for issue by the Board on 2 December 2019.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 Section 1A 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The current accounting period comprises of sixteen months. The period was changed in order to aid the accounting for fees receivable which are principally accounted for in the academic year ending August. As a result the comparative amounts presented in the financial statements (including the relevant notes) are not entirely comparable.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Turnover is shown net of sales, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

RTC Education Limited

Notes to the Financial Statements for the Year Ended 31 July 2019

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Furniture, fittings and equipment	Depreciated over the lease term on a straight line basis.
Leasehold premises	Depreciated over the lease term on a straight line basis.

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

RTC Education Limited

Notes to the Financial Statements for the Year Ended 31 July 2019

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2019	2018
	£	£
Rendering of services	<u>9,963,578</u>	<u>9,379,036</u>

RTC Education Limited

Notes to the Financial Statements for the Year Ended 31 July 2019

The breakdown of the revenue is as follows:	£
Higher Education course fees	8,353,387
Further Education course fees	324,941
Other fees from Home and EU students	1,233,437
Other fees from non-EU students	51,813
Total	<u>9,963,578</u>

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2019 £	2018 £
Recharged costs	<u>120,000</u>	<u>94,451</u>

5 Operating profit

Arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation expense	<u>154,637</u>	<u>113,135</u>

6 Other interest receivable and similar income

	2019 £	2018 £
Other finance income	<u>121,167</u>	<u>105,186</u>

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries	3,495,312	3,247,829
Social security costs	324,026	337,507
Pension costs, defined contribution scheme	50,803	26,584
Redundancy costs	12,137	-
Other employee expense	<u>325,331</u>	<u>255,559</u>
	<u>4,207,609</u>	<u>3,867,479</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Administration and support	<u>117</u>	<u>108</u>

RTC Education Limited

Notes to the Financial Statements for the Year Ended 31 July 2019

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	<u>200,000</u>	<u>210,000</u>

9 Auditors' remuneration

	2019 £	2018 £
Audit of the financial statements	<u>14,500</u>	<u>14,500</u>

10 Taxation

Tax charged/(credited) in the income statement

	2019 £	2018 £
Current taxation		
UK corporation tax	143,395	268,433
Deferred taxation		
Arising from origination and reversal of timing differences	<u>28,620</u>	<u>3,405</u>
Tax expense in the income statement	<u>172,015</u>	<u>271,838</u>

RTC Education Limited

Notes to the Financial Statements for the Year Ended 31 July 2019

11 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost or valuation			
At 1 August 2018	25,000	657,462	682,462
Additions	462,125	160,216	622,341
	487,125	817,678	1,304,803
At 31 July 2019			
Depreciation			
At 1 August 2018	5,990	327,015	333,005
Charge for the year	32,076	122,561	154,637
	38,066	449,576	487,642
At 31 July 2019			
Carrying amount			
At 31 July 2019	449,059	368,102	817,161
At 31 July 2018	19,010	330,447	349,457

Included within the net book value of land and buildings above is £449,059 (2018 - £19,010) in respect of short leasehold land and buildings.

RTC Education Limited

Notes to the Financial Statements for the Year Ended 31 July 2019

12 Other financial assets (current and non-current)

	Financial assets at fair value through profit and loss £	Total £
Non-current financial assets		
Cost or valuation		
Additions	<u>100,000</u>	<u>100,000</u>
At 31 July 2019	<u>100,000</u>	<u>100,000</u>
Impairment		
Carrying amount		
At 31 July 2019	<u><u>100,000</u></u>	<u><u>100,000</u></u>

13 Debtors

	Note	2019 £	2018 £
Trade debtors		2,889,841	520,878
Amounts owed by related parties	21	2,850,861	2,559,251
Other debtors		273,129	460,926
Prepayments		<u>824,320</u>	<u>241,392</u>
Total current trade and other debtors		<u><u>6,838,151</u></u>	<u><u>3,782,447</u></u>

14 Cash and cash equivalents

	2019 £	2018 £
Cash at bank	<u>1,608,516</u>	<u>2,281,935</u>

RTC Education Limited

Notes to the Financial Statements for the Year Ended 31 July 2019

15 Creditors

	Note	2019 £	2018 £
Due within one year			
Trade creditors		771,940	186,486
Director's current account	21	-	358
Social security and other taxes		33,027	25,582
Prepaid income		2,408,040	236,364
Other payables		1	10,404
Accrued expenses		47,859	30,138
Corporation tax liability	10	41,482	269,912
		3,302,349	759,244

16 Deferred tax and other provisions

	Deferred tax £	Total £
At 1 August 2018	16,555	16,555
Additional provisions	28,620	28,620
At 31 July 2019	45,175	45,175

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £50,803 (2018 - £26,584).

Contributions totalling £2,408,040 (2018 - £236,364) were payable to the scheme at the end of the year and are included in creditors.

18 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100

RTC Education Limited

Notes to the Financial Statements for the Year Ended 31 July 2019

19 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	1,108,000	608,400
Later than one year and not later than five years	4,365,370	2,352,000
Later than five years	5,339,923	603,833
	<u>10,813,293</u>	<u>3,564,233</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £648,400 (2018 - £836,390).

20 Dividends

	2019 £	2018 £
Dividends paid	<u>198,945</u>	<u>202,000</u>

RTC Education Limited

Notes to the Financial Statements for the Year Ended 31 July 2019

21 Related party transactions

Regent House, 167-173 Imperial Drive, Harrow HA2 7JP is owned by the Directors. Rentals of £140,000 (2018: £140,000) were paid during the year. Future rent will be based on the turnover rising during the year. At the balance sheet date, the property was valued at £3.5m.

Nursery House, 459 Rayners Lane, Harrow HA5 5ET is also owned by the Directors. Rental of £20,000 (2018: £20,000) were paid during the year. At the balance sheet date, the property was valued at £1m.

During the year, a further loan of £70,013 was made to SPRO Ltd, a UK resident company under common control. Interest of £5,625 (2018: £2,887) was charged during the year. At the year-end, a balance of £210,798 (2018: £135,160) was owed to the Company. This outstanding balance will be repaid in the year to 31 July 2020.

During the year, a further loan of £379,934 was made to RTC Education 2 Ltd, a UK resident company under common control. Interest of £20,182 was charged during the year. At the year-end, a balance of £695,250 (2018: £295,134) was owed to the Company. This company runs another of our sixth-form colleges and has an estimated valuation of £1m.

A net repayment of £498,341 (2018: further loan of £235,406 made) was made by FP (GB) Ltd, a UK resident company under common control. Interest of £71,506 (2018: £81,084) was charged during the year. At the year-end, a balance of £1,439,730 (2018: £1,886,565) was owed to the Company. At the balance sheet date, the property was valued at £2.5m.

During the year, a further loan of £86,014 was made to Regent House Ltd, a UK resident company under common control. Interest of £14,389 (2018: £2,657) was charged during the year. At the year-end, a balance of £368,375 (2018: £267,971) was owed to the Company.

During the year, a loan of £39,012 was made to RTC Education 3 Ltd, a UK resident company under common control. Interest of £275 was charged during the year. At the year-end, a balance of £39,286 was owed to the Company.

As part of a restructuring process, the above two companies i.e Regents House Ltd and RTC Education 3 Ltd will both be dissolved after the outstanding balances have been cleared.